



**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015



Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Union County
Union County
227 East Fifth Street
Marysville, Ohio 43040

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Union County, Union County, Ohio (the Corporation), (a not-for-profit corporation), which comprise the statement of financial position as of and for the years ended December 31, 2016 and 2015, the related statements of activities and cash flows for the years ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of Union County, Union County, Ohio as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2018, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

May 10, 2018

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016**

ASSETS	
Cash	\$ 346,189
Accounts Receivable	32,580
Prepaid Expenses	2,702
Fixed Assets, Net	<u>1,997</u>
Total Assets	<u><u>383,468</u></u>
LIABILITIES	
Accounts Payable	7,760
Accrued Expenses	<u>1,480</u>
Total Liabilities	<u>9,240</u>
NET ASSETS	
Temporarily Restricted Net Assets	252,917
Unrestricted Net Assets	<u>121,311</u>
Total Net Assets	<u><u>\$ 374,228</u></u>

The notes to the financial statements are an integral part of this statement

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Unrestricted Economic Development	Temporarily Restricted Mobile Lab	Temporarily Restricted YEA	Total
REVENUES				
Member Dues	\$ 261,315	\$ -	\$ -	\$ 261,315
Administrative Fees	30,000	-	-	30,000
Interest Income	445	-	-	445
YEA Program Revenue	-	-	20,060	20,060
Mobile Lab Program Revenue	-	246,000	-	246,000
Net Assets Released from Restrictions	13,921	-	(13,921)	-
Total Revenues	<u>305,681</u>	<u>246,000</u>	<u>6,139</u>	<u>557,820</u>
EXPENSES				
Salaries	56,016	-	-	56,016
Marketing	11,348	-	-	11,348
Subscriptions	296	-	-	296
Professional Dues	18,815	-	-	18,815
Operational Fees	67,487	-	-	67,487
Bank Charges	10	-	-	10
Transportation	4,353	-	-	4,353
Consulting Contracts	35,810	-	-	35,810
Conference Expenses	11,538	-	-	11,538
Insurance Group	2,013	-	-	2,013
Interest	162	-	-	162
Meals and Entertainment	728	-	-	728
Employee Rewards	50	-	-	50
Accounting and Legal	2,811	-	-	2,811
Printing	334	-	-	334
Association Dues	41,942	-	-	41,942
Member Annual Meeting	4,200	-	-	4,200
Employee Benefits	1,300	-	-	1,300
Payroll Taxes	4,819	-	-	4,819
Depreciation	1,468	-	-	1,468
Bad Debt	500	-	-	500
Total Expenses	<u>266,000</u>	<u>-</u>	<u>-</u>	<u>266,000</u>
Change in Net Assets	39,681	246,000	6,139	291,820
Net Assets, Beginning of Year	<u>81,630</u>	<u>-</u>	<u>778</u>	<u>82,408</u>
Net Assets, End of Year	<u>\$ 121,311</u>	<u>\$ 246,000</u>	<u>\$ 6,917</u>	<u>\$ 374,228</u>

The notes to the financial statements are an integral part of this statement

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 291,820
Depreciation	1,468
Adjustments to Reconcile Change in Net Assets	
Increase in Accounts Receivable	(30,355)
Decrease in Prepaid Expenses	8,373
Decrease in Accounts Payable	(13,203)
Decrease in Accrued Expenses	(80)
Net Cash Provided by Operating	<u>258,023</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Payment of Line of Credit	<u>(7,326)</u>
Net Cash Used in Financing Activities	(7,326)

NET INCREASE IN CASH	250,697
CASH AT BEGINNING OF YEAR	<u>95,492</u>
CASH AT END OF YEAR	<u><u>\$ 346,189</u></u>

Supplemental Disclosures for Cash Flow

Cash Paid For:	
Interest	\$ 162

The notes to the financial statements are an integral part of this statement

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Community Improvement Corporation of Union County (the Corporation) was incorporated on June 28, 1989. The Corporation is a not-for-profit community improvement corporation which was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial, and civic development of the Union County, Ohio. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

B. Basis of Accounting

The financial statements of the Corporation have been prepared on an accrual basis of accounting and accordingly reflect all significant assets and liabilities.

C. Income Taxes

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (6) and Chapters 1702 and 1724 of the Ohio Revised Code.

D. Basis of Presentation

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, Financial Statement of Non-for-Profit Organizations. Under ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No permanently restricted net assets were held and, accordingly, these financial statements do not reflect any activity related to these classes of net assets. As permitted by this statement, the Corporation does not use fund accounting.

E. Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash Deposits

At December 31, 2016, the bank balance was \$346,189. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Corporation has cash balances on deposit at December 31, 2016 that exceeded the balance insured by the FDIC in the amount of \$96,189.

G. Property and Equipment

Acquisitions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged against operations. Property and equipment are carried at cost or, if donated, at the approximate fair value of the date of donation.

Depreciation is computed using primarily the straight-line method. All reported capital assets are depreciated. Depreciation on the furniture and equipment is calculated over a useful life of 5-7 years.

The Corporation had no property or equipment additions during fiscal year 2016.

Depreciation expense for the year ended December 31, 2016 was \$1,468.

2. RISK MANAGEMENT

The Corporation is subject to certain types of risk in the performance of its normal functions. The Corporation manages these types of risks through commercial insurance. The amount of settlements has not exceeded coverage for any of the past three years. There has not been a significant reduction of coverage since the prior year in any of the major categories of risk.

3. MOBILE LAB PROGRAM

In 2016, the Corporation received \$246,000 in a combined joint contract with Marion Technical College to develop the Mobile Manufacturing Training Lab (MMTL) Program. The program will focus its efforts within an eight county region surrounding and including Union County, Ohio. Through collaborative efforts of the public sector, private sector, and educational institutions, the MMTL program shall actively promote and support hands on fundamental and intermediate level manufacturing skills training for incumbent workers, adult learners, and students in school grades 7 through 12.

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

4. YEA PROGRAM

Young Entrepreneurs Academy (YEA!) guides middle school and high school students through the process of starting and running a legitimate business or social movement over the course of a full academic year. YEA!'s direct mission is to help students embrace their passion, energy, creativity and talents, launch a venture, and view entrepreneurship and social innovation as synonymous with success and freedom.

5. RELATED PARTY TRANSACTIONS

Union County, Ohio (the County) provides a material portion of the Corporation's funding. During fiscal year ending December 31, 2016, the City and County paid the Corporation \$75,223 each (for total of \$150,446) to promote economic development.

6. ACCOUNTS RECEIVABLE

Receivables at December 31, 2016 consisted of uncollected EDAP Dues. All receivables are considerable collectible in full and within one year. If amounts are uncollectible they are written off to bad debt.

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS	
Cash	\$ 95,492
Accounts Receivable	2,226
Prepaid Expenses	11,075
Fixed Assets, Net	<u>3,464</u>
Total Assets	<u><u>112,257</u></u>
LIABILITIES	
Accounts Payable	20,963
Accrued Expenses	1,560
Line of Credit	<u>7,326</u>
Total Liabilities	<u>29,849</u>
NET ASSETS	
Temporarily Restricted Net Assets	778
Unrestricted Net Assets	<u>81,630</u>
Total Net Assets	<u><u>\$ 82,408</u></u>

The notes to the financial statements are an integral part of this statement

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Unrestricted Economic Development	Temporarily Restricted Bewt	Temporarily Restricted Gas Study	Temporarily Restricted YEA	Total
REVENUES					
Member Dues	\$ 243,917	\$ -	\$ -	\$ -	\$ 243,917
Interest Income	57	-	-	-	57
Bewt Program Revenue	-	5,000	-	-	5,000
YEA Program Revenue	-	-	-	5,295	5,295
Gas Study Program Revenue	-	-	20,000	-	20,000
Miscellaneous	875	-	-	-	875
Net Assets Released from Restrictions	29,517	(5,000)	(20,000)	(4,517)	-
Total Revenues	<u>274,366</u>	<u>-</u>	<u>-</u>	<u>778</u>	<u>275,144</u>
EXPENSES					
Salaries	54,917	-	-	-	54,917
Marketing	17,956	-	-	-	17,956
Subscriptions	337	-	-	-	337
Professional Dues	12,776	-	-	-	12,776
Operational Fees	47,152	-	-	-	47,152
Bank Charges	23	-	-	-	23
Transportation	12,942	-	-	-	12,942
Consulting Contracts	28,169	-	-	-	28,169
Conference Expenses	6,776	-	-	-	6,776
Insurance Group	1,980	-	-	-	1,980
Interest	514	-	-	-	514
Office Expenses	18	-	-	-	18
Meals and Entertainment	2,036	-	-	-	2,036
Education Bewt	6,284	-	-	-	6,284
Accounting and Legal	-	-	-	-	-
Printing	-	-	-	-	-
Association Dues	47,026	-	-	-	47,026
Member Annual Meeting	4,200	-	-	-	4,200
Employee Benefits	1,300	-	-	-	1,300
Payroll Taxes	4,451	-	-	-	4,451
Depreciation	939	-	-	-	939
Bad Debt	7,000	-	-	-	7,000
Total Expenses	<u>256,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,796</u>
Change in Net Assets	17,570	-	-	778	18,348
Net Assets, Beginning of Year	<u>64,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,060</u>
Net Assets, End of Year	<u>\$ 81,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778</u>	<u>\$ 82,408</u>

The notes to the financial statements are an integral part of this statement

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 18,348
Depreciation	939
Adjustments to Reconcile Change in Net Assets	
Decrease in Accounts Receivable	12,474
Increase in Prepaid Expenses	(7,964)
Increase in Accounts Payable	12,449
Decrease in Deferred EDAP Dues	(12,112)
Decrease in Payroll Payables	(5,163)
Increase in Accrued Expenses	1,535
Net Cash Provided by Operating	20,506
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(2,844)
Net Cash Used in Investing Activities	(2,844)
 CASH FLOWS FROM FINANCING ACTIVITIES:	
Payment of Line of Credit	(5,564)
Net Cash Used in Financing Activities	(5,564)
NET INCREASE IN CASH	12,098
CASH AT BEGINNING OF YEAR	83,394
CASH AT END OF YEAR	\$ 95,492
 Supplemental Disclosures for Cash Flow	
Cash Paid For:	
Interest	\$ 514

The notes to the financial statements are an integral part of this statement

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

The Community Improvement Corporation of Union County (the Corporation) was incorporated on June 28, 1989. The Corporation is a not-for-profit community improvement corporation which was formed for the purpose of advancing, encouraging and promoting the industrial, economic, commercial, and civic development of the Union County, Ohio. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

B. Basis of Accounting

The financial statements of the Corporation have been prepared on an accrual basis of accounting and accordingly reflect all significant assets and liabilities.

C. Income Taxes

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c) (6) and Chapters 1702 and 1724 of the Ohio Revised Code.

D. Basis of Presentation

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, Financial Statement of Non-for-Profit Organizations. Under ASC 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. No permanently restricted net assets were held and, accordingly, these financial statements do not reflect any activity related to these classes of net assets. As permitted by this statement, the Corporation does not use fund accounting.

E. Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash Deposits

At December 31, 2016, the bank balance was \$95,492. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. The Corporation’s cash balances at December 31, 2015 did not exceed the balance insured by the FDIC.

G. Property and Equipment

Acquisitions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged against operations. Property and equipment are carried at cost or, if donated, at the approximate fair value of the date of donation.

Depreciation is computed using primarily the straight-line method. All reported capital assets are depreciated. Depreciation on the furniture and equipment is calculated over a useful life of 5-7 years.

The Corporation purchased \$2,844 of computers during fiscal year 2015.

Depreciation expense for the years ended December 31, 2015 was \$939.

2. RISK MANAGEMENT

The Corporation is subject to certain types of risk in the performance of its normal functions. The Corporation manages these types of risks through commercial insurance. The amount of settlements has not exceeded coverage for any of the past three years. There has not been a significant reduction of coverage since the prior year in any of the major categories of risk.

3. YEA PROGRAM

Young Entrepreneurs Academy (YEA!) guides middle school and high school students through the process of starting and running a legitimate business or social movement over the course of a full academic year. YEA!’s direct mission is to help students embrace their passion, energy, creativity and talents, launch a venture, and view entrepreneurship and social innovation as synonymous with success and freedom.

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

4. RELATED PARTY TRANSACTIONS

Union County, Ohio (the County) provides a material portion of the Corporation's funding. During fiscal year ending December 31, 2015, County paid the Corporation \$114,311 to promote economic development.

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
First Federal Community Bank Line of Credit	\$7,326	3.5%

The line of credit was obtained to cover the costs of the fundraising campaign. There is no collateral for this line of credit. The line of credit will be renewed annually.

6. ACCOUNTS RECEIVABLE

Receivables at December 31, 2015 consisted of uncollected EDAP Dues. All receivables are considered collectible in full and within one year. If amounts are uncollectible they are written off to bad debt.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Community Improvement Corporation of Union County
Union County
227 East Fifth Street
Marysville, Ohio 43040

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Community Improvement Corporation of Union County, Ohio (the Corporation) (a not-for-profit corporation) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Corporation's Response to Finding

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

May 10, 2018

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following adjustments were made to the financial statements for fiscal year 2015:

- Adjustment to remove YEA activity managed by the Union County Foundation (\$13,183).
- Adjustment to record an accounts payable (\$5,000).
- Adjustments to reclass expenses in temporarily restricted accounts to net assets released from restrictions (\$20,000, \$5,000, and \$4,517).
- Adjustments to expenses to agree to the 2015 financial statements to the accounting ledgers and to the 2016 financial statement's beginning net assets (\$3,101, \$1,576, \$1,525, \$420, and \$25).

Adjustments were made to the Corporation's financial statements to correct these errors.

The following adjustments were made to the financial statements for fiscal year 2016:

- Adjustment to remove YEA activity managed by the Union County Foundation (\$9,675).
- Adjustment to reclass expenses in temporarily restricted accounts to net assets released from restrictions (\$13,921).

Adjustments were made to the Corporation's financial statements to correct these errors.

In addition to the adjustments listed above, we also identified an additional unadjusted misstatement in the amount of \$12,500 that we have brought to the Corporation's attention.

By not properly recording transactions, inaccurate financial reports could be disseminated to the governing board and management as well as financial statement readers.

We recommend the Corporation implement internal control procedures over financial reporting to help ensure the completeness and accuracy of financial information reported within the Corporation's financial report. The adjustments identified during the audit should be reviewed by the Treasurer to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Board of Directors should review the financial statements and note disclosures to identify and correct errors and omissions.

**COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY
UNION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2016-001 (Continued)

Material Weakness – Financial Reporting (Continued)

Officials' Response

The finance committee has read the Finding # 2016-001, and the committee acknowledges and agrees with the AOS finding.

Please note the adjustments to reclassify certain expenditures from temporarily to unrestricted assets is not a normal exercise as internal QuickBooks accounts are not set to account for net assets in this fashion. We will implement the net asset regime for formal annual financial statements submitted to the Auditor of State in the future, and we will educate our board on this presentation.

After extensive research and discussion, the determination was made to remove the 2015 and 2016 YEA activity that was deemed managed by the Union County Foundation. In 2018, those funds were subsequently released by the Foundation and will be included in the CIC's 2018 financial statements.

The finance committee has met and discussed the totality of Finding #2016-001. The CIC will implement corrective steps and procedures to keep such sited adjustments from reoccurring in future audits.



Dave Yost • Auditor of State

COMMUNITY IMPROVEMENT CORPORATION OF UNION COUNTY

UNION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 14, 2018**